

**OVERSIGHT BOARD OF THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON**

STAFF REPORT

DATE: FEBRUARY 27, 2014

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

**SUBJECT: APPROVAL OF THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET
FOR THE RECOGNIZED OBLIGATIONS AND PAYMENT SCHEDULE 14-15A
(ROPS 6) FOR THE PERIOD OF JULY 1, 2014 TO DECEMBER 31, 2014**

SUMMARY

Staff respectfully requests the Board approve the Successor Agency's Administrative Budget for the Recognized Obligation Payment Schedule for the six-month fiscal period from July 1, 2014 through December 31, 2014 and authorize staff to submit the ROPS 14-15A to the State Department of Finance (DOF).

BACKGROUND

Pursuant to AB X1 26 and AB 1484, the Successor Agency must prepare a proposed administrative budget and a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period, both of which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City or other entity.

AB X1 26 and AB 1484 are unclear regarding the required timing for the submission of the proposed administrative budget for the period from July 1, 2014 through December 31, 2014 (*i.e.*, the second half of fiscal year 2013-14) ("Administrative Budget 5) to the Oversight Board. However, because the Successor's Agency's administrative expenditures also have to be reflected on the ROPS 14-15A, staff believes that the submission of the Administrative Budget should be concurrent with ROPS 14-15A.

STATEMENT OF THE ISSUE

The Successor Agency is required to submit the Administrative Budget as part of ROPS 14-14A to the Oversight Board for approval and forward the approved Administrative Budget to the State Department of Finance, State Controller and the County Auditor-Controller no later than March 1, 2014. Staff has

prepared the Administrative Budget and ROPS6 as separate items for the Oversight Board's approval. Upon the Oversight Board's approval of the Administrative Budget, Successor Agency staff will submit the Oversight Board action by resolution to the DOF, by electronic means.

ANALYSIS

Under AB X1 26 and AB 1484, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the property tax allocated for enforceable obligations from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller. The amount shall not be less than \$250,000 for any fiscal year unless the Oversight Board reduces this amount.

The Administrative Cost Allowance to be received by the Successor Agency in July 2014 for the second half of fiscal year 2013-14 will take into account the amount of Administrative Cost Allowance the Successor Agency received in June 2014 as part of the ROPS 13-14B allocation.

In addition, the Administrative cost Allowance is subject to reduction if there are insufficient funds to pay the enforceable obligations as listed on the ROPS.

FISCAL IMPACT

The preparation and submittal of the Administrative Budget as part of ROPS 14-15A is for the purpose of allowing the Successor Agency to pay its administrative expenditures from the implementation and administration of its enforceable obligations for the period from July 1, 2014 to December 31, 2014.

ENVIRONMENTAL IMPACT

There will be no new environmental impact associated with adoption of the attached Resolution.

RECOMMENDATION

Staff respectfully requests the Board approve the Successor Agency's Administrative Budget for the Recognized Obligation Payment Schedule 14-15A for the six-month fiscal period from July 1, 2014 through December 31, 2014 and authorize staff to submit the ROPS 14-15A to the State Department of Finance (DOF).

Respectfully Submitted,

G. HAROLD DUFFEY
EXECUTIVE DIRECTOR

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE RECOGNIZED OBLIGATIONS AND PAYMENT SCHEDULE 14-15A FOR THE SIX-MONTH PERIOD OF JULY 1, 2014 TO DECEMBER 31, 2014

WHEREAS, pursuant to Health and Safety Code Section 34177(l), the Successor Agency to the Community Redevelopment Agency of the City of Compton (the “Successor Agency”) must prepare an Administrative Budget as part of its Recognized Obligation Payment Schedule (“ROPS”) before each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed ROPS to the oversight board for the Successor Agency (the “Oversight Board”) for approval; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(C) and (m), the Successor Agency must (1) submit the Oversight Board-approved Administrative Budget for the six-month fiscal period from July 1, 2014 through December 31, 2014 (“Admin Budget”), to the DOF, the Office of the State Controller, and the County Auditor-Controller no later than March 1, 2014. The Successor Agency must submit the ROPS 14-14A to the DOF electronically in the manner of DOF’s choosing. A copy of the Oversight Board-approved ROPS must be posted on the Successor Agency’s website (www.comptoncity.org); and

WHEREAS, the DOF may eliminate or modify any items on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on a ROPS no later than 45 days after the ROPS is submitted. Within five (5) business days of the DOF’s determination, the Successor Agency may request a “meet and confer” with the DOF on disputed items. The meet and confer period may vary, but an untimely submission of ROPS 13-14B may result in a meet and confer period of less than 30 days; and

WHEREAS, the County Auditor-Controller may object to the inclusion of any item on the ROPS that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of its objections to the DOF, the Successor Agency and the Oversight Board; and

WHEREAS, if the Successor Agency does not submit an Oversight Board-approved ROPS by March 1, 2014, the City of Compton will be subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF. The penalty is to be paid to the County Auditor-Controller for distribution to the taxing entities. If the Successor Agency does not timely submit a ROPS, creditors of the successor agency, the DOF, and affected taxing entities may request a writ of mandate to require the Successor Agency to immediately perform this duty. Additionally, if the Successor Agency does not submit a ROPS within 10 days of October 1, 2013, the Successor Agency’s administrative cost allowance for that period will be reduced by 25 percent; and

WHEREAS, if the Successor Agency fails to submit an Oversight Board-approved ROPS to the DOF within five (5) business days of “the date upon which the ROPS 14-14A is to be used to determine the amount of property tax allocations”, the DOF may determine whether the County Auditor-Controller should distribute any of property tax revenues to the taxing entities, or whether any amount should be withheld for enforceable obligations pending approval of the ROPS. However, the DOF has not provided clarity as to the date upon which the ROPS is to be used to determine the amount of property tax allocations; and

WHEREAS, the preparation and submittal of the Administrative Budget as part of ROPS 14-15A is for the purpose of allowing the Successor Agency to pay its administrative expenditures from the implementation and administration of its enforceable obligations for the period from July 1, 2014 to December 31, 2014.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF COMPTON, HEREBY FINDS, DETERMINES, RESOLVE, AND

ORDERS AS FOLLOWS:

Section 1. That the above recitals are hereby true and correct and are a substantive part of this resolution.

Section 2. That this resolution is adopted pursuant to Health and Safety Code Section 34177.

Section 3. The Oversight Board hereby approves the Administrative Budget for ROPS 14-15A, substantially in the form attached hereto as Exhibit A. Staff of the Successor Agency is hereby authorized and directed to submit a copy of Oversight Board-approved Administrative Budget in ROPS 14-15A to the DOF, the Office of the State Controller, and the County Auditor-Controller and to post a copy of the Oversight Board-approved ROPS 14-15A on the Successor Agency's Internet website (www.comptoncity.org).

Section 4. That the officers and staff of the Oversight Board and the Successor Agency staff are hereby authorized and directed, jointly and severally, to do any and all things necessary to effectuate this resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

Section 5. That a certified copy of this resolution shall be filed in the offices of the Executive Director of the Successor Agency, City Attorney and Clerk to the Successor Agency Board.

ADOPTED this ____ day of _____, 2014.

**CHAIRPERSON OF THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

ATTEST:

**ESTEVAN PADILLA, DEPUTY CLERK
LOS ANGELES COUNTY BOARD OF SUPERVISORS
ACTING AS SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Estevan Padilla, Secretary to the Oversight Board to the Successor Agency to the Community Redevelopment Agency of the City of Compton, hereby certify that the foregoing resolution was adopted by the Board, signed by the Chairperson, and attested by the Secretary at the regular meeting thereof held on the _____ day of _____, 2014.

That said resolution was adopted by the following vote, to wit:

AYES: BOARD MEMBERS -
NOES: BOARD MEMBERS -
ABSENT: BOARD MEMBERS -

**ESTEVAN PADILLA, DEPUTY CLERK
LOS ANGELES COUNTY BOARD OF SUPERVISORS
ACTING AS SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**